



## Key facts:

- \* Cherry production in Australia was **14,218 tonnes** for the year ending June 2013.
- \* **Tasmania** is the largest producing state, with **5,000 tonnes** or **35%** of national production. **Victoria** is the second largest producer of cherries in Australia with **4,550 tonnes** or **32%** of the national production.
- \* Tasmanian production has grown rapidly in the last 2-3 years, and will continue to increase as existing orchards mature.
- \* Fresh Australian cherry exports were **2,888 tonnes** for the year ending June 2013. **Tasmania** is the largest cherry exporting state in Australia.
- \* Australian cherry imports were **7,983 tonnes** for the year ending June 2013. This was made up of **4,594 tonnes** of product to be sold in fresh form, and **3,389 tonnes** of processed product.
- \* The current domestic retail market value of fresh cherries purchased by consumers is **\$115 million**.
- \* Total fresh and processed cherry consumption per capita for 2012/13 was **0.77 kg**.

## Distribution channels and markets

Locally and imported cherries are distributed into export, processing and local retail and foodservice distribution channels.

### Supply chain flow to market

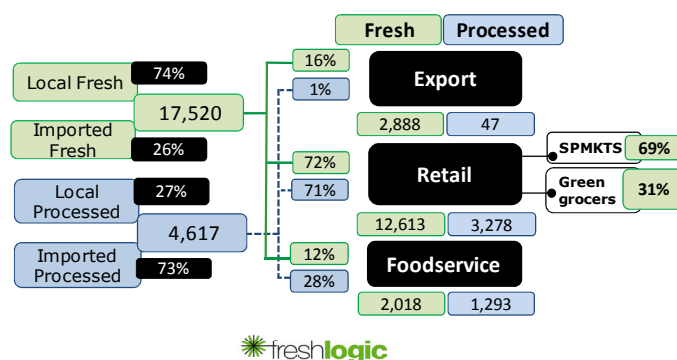
Local Australian cherry production was 14,218 tonnes for the year ending 2012/13, as profiled in Figure 1. This was supplemented with a further 7,983 tonnes of imported product, 58% of which is imported in a fresh form and the remaining 42% in processed

forms. Most of the imported fresh cherries come from the United States, which accounted for 99% of the total imports.

In all, 17,520 tonnes or 79% of the total domestically available volume was used in a fresh form; this includes the 4,594 tonnes of fresh imported cherries that made up 26% of total fresh supply. A further 2,888 tonnes 16% of the total fresh supply was exported, with the majority flowing into Asian markets.

The processed domestic market is supplied with 4,617 tonnes of cherries, of which 3,388 tonnes (73%) is sourced from imported product. The retail channel is the largest buyer of processed cherries, distributing 72% of volumes.

Figure 1 Cherry supply chain (tonnes)



### Retail channel

The retail channel sold an estimated 10,912 tonnes of fresh cherries, which allows for waste and shrinkage. This generated a total annual retail value of \$115 million at an average price of \$10.52 per kg.

Retail sales include both loose self-select cherries and pre-packed cherries, with the majority (88%) of sales volumes and value being generated from loose sold product. Pre-packed cherries earn a premium of 4% over loose sold product. This premium is relatively low compared to other major fruit lines.

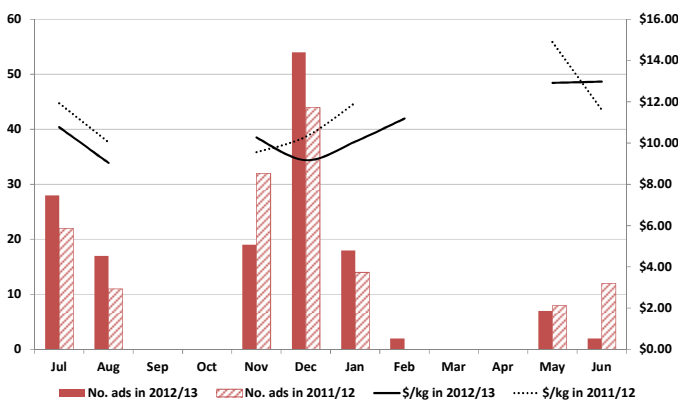
Locally produced cherry sales occur during the months of December through to February, while imported cherry sales occur during the months of May through to November.

## Retail promotional activity

For the year ending June 2013, there were total of 147 promotional advertisements for fresh cherry and some level of retail promotional activity in 24 of the 52 weeks, which generated an average number of 12.25 promotional adverts per month. In the prior-year comparative, cherry generated 143 adverts and some level of retail promotional activity in 25 of the 52 weeks.

Cherry promotions reflect the seasonal nature of the fruit, with 62% of the promotional activity occurring during the Australian season, which is from late November to January, and 38% from May to August when imported cherries are promoted. The detail of this promotional exposure over the last two years is profiled in Figure 2.

**Figure 2 Fresh retail promotional activity—by month**



## Processing

The domestic processing market is supplied with both local and imported product, with the large majority of this product going into manufactured goods such as desserts and confectionery.

## Consumers

### Per capita consumption

The per capita consumption for the year ending June 2013 for fresh cherries purchased through retail for home consumption is 0.48 kg, and for fresh cherries purchased and consumed away from home is 0.09kg.

Per capita consumption of processed cherry products purchased through retail for home and foodservice consumption is 0.2 kg. Therefore the total consumption per capita is 0.77 kg.

### Consumption profile

The seasonal availability of cherries limits the range and number

of consumption occasions available to the consumer. Many households consider cherries as a Christmas treat, one that is highly dependent on price compared to many other summer fruits available during the same period. On most occasions cherries are consumed fresh at home or used to make a dessert.

## Production

Nationally there are 14,218 tonnes of cherries produced. Tasmania produces 35%, followed by Victoria (32%), and New South Wales (22%). Combined, these three states produce 89% of the total production, as seen in Figure 4.

### Tasmanian Production

Tasmanian growers have expanded their plantings in recent years and the state is currently the largest producer in Australia with around 120 growers producing 35% of the national production. While Tasmania has a strong export focus, it also plays an important role in the domestic market as it provides late season fruit to most major wholesalers on the mainland.



**Figure 3 Use profile**

Cherry consumption profile	Breakfast		
	Lunchbox	✓	
	Mobile snack		
	Grazing & platters	✓	
	Spread		
	Salad		
	Beverage		
	Cooked component	✓	
	After dinner dessert	✓	
Minor use	✓	Major use	✓

In recent year large cherry plantings have occurred in many of the traditional apple growing regions as well as many new green field districts in south-east Tasmania, the Derwent Valley and the Coal River Valley. There has also been a transition in growing practices and techniques, such as the movement away from trellis to the Spanish or Kym Green Bush methods allowing for greater plant vigour.

## Production Regions

Cherries are grown commercially in most regions of Tasmania, including the Huon/Channel, south-east districts (including the Coal River Valley and Sorell), the Derwent Valley, the Tamar Region and the north-west coast.

The main production region is located south of Hobart (Huon/Channel districts) and the Derwent Valley, as it can consistently produce large premium quality cherries that are highly sought after by both the Australian and major export markets.

Most of the cherry production is available from mid to late December through to late February. The peak of production output occurs during mid to late January.

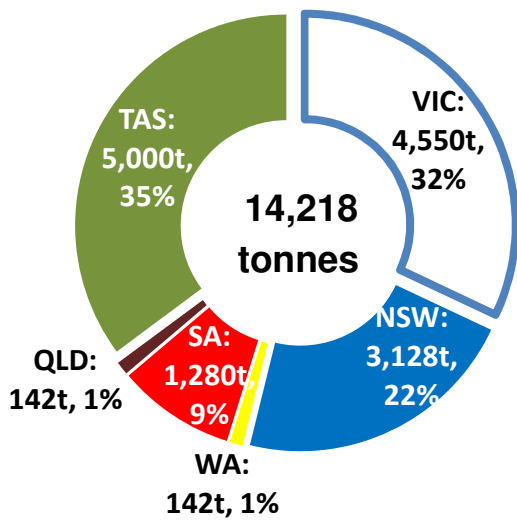
## Growth Regions

The open grazing lands of the Derwent Valley have seen an increase in grower numbers over the past 4 to 6 years. They have been attracted to the region by better value land prices, access to water and proximity to packing sheds in the Huon Valley.

## Packing Facilities

Tasmania has three large packers, who are located in the Huon Valley and Ulverstone.

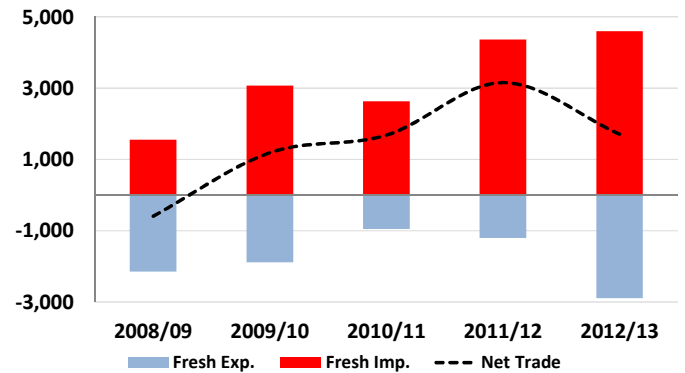
**Figure 4 National production by state**



## International trade

Over the last 5 years fresh exports averaged 1,817 tonnes. This was less than imports which averaged 3,243 tonnes over the same period. Australian product has a strong presence in Asian markets, with the largest export market being Taiwan (25%).

**Figure 5 Cherry international trade volumes**

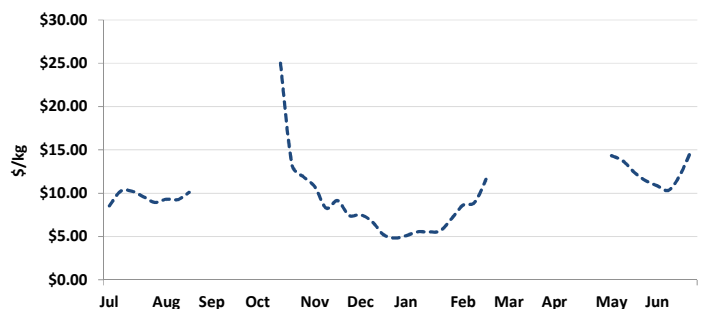


## Wholesale

Wholesale prices are generated by using a weighted state price to produce a national weighted average. Figure 6 outlines the average wholesale price for the year ending June 2013. The gaps in the wholesale price chart reflect periods when cherries are not available.

For the year ending June 2013 cherries had a wholesale price range of \$4.82 to \$25.00 per kg, with an average of \$9.85 per kg. In the prior-year comparative, they generated a price range of \$6.80 to \$22.33 per kg with an average of \$11.36 per kg. Clearly this wide range reflects the seasonal highs and lows of local and imported product.

**Figure 6 National cherry wholesale price 2012/13**



## Outlook for sector

- Tasmania is currently experiencing significant increases in production volumes, and continued growth in terms of tree planting and yields compared to other major production regions on the mainland.
- Due to Tasmania's later season, it produces an exceptional quality large fruit that is highly sought after within the domestic and export markets.
- There are opportunities to further develop export markets for premium Tasmanian cherries.
- Tasmania has a unique market access opportunity due to the state's fruit fly free status. This means Tasmanian cherries do not need to be fumigated and arrive in export markets in a premium condition.
- There are export market challenges stemming from exchange rate relativities with Chile and New Zealand who are the main Southern Hemisphere competitors.
- There is a likelihood of an increase in pre-packed retail product and with that, more scope for branding and communication with consumers.
- Production output volatility exists due to weather patterns at, or around, the time of harvest.

## Data sources

- Mealpulse™ consumer panel Freshlogic
- Adwatch™ retailer promotional data Freshlogic
- DFAT import and export data
- Wholesale market pricing data
- ABARES
- ABS
- Freshlogic ThruChain™ model

## Further information

1. Cherry Growers Australia

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2. Horticulture Australia Limited

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3. Tasmanian Institute of Agriculture (TIA)

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4. Freshlogic

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